



## COMMONWEALTH of VIRGINIA

*Philip A. Leone*  
Director

*Joint Legislative Audit and Review Commission*  
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*Richmond, Virginia 23219*

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June 5, 2002

### MEMORANDUM

TO: Philip A. Leone, Director

FROM: Linda B. Ford, Chief Legislative Analyst

SUBJECT: Request for Changes to Internal Service Fund Rates  
by the Department of General Services (DGS)

This memorandum addresses changes in the internal service fund rates that have been recently requested by Mr. D.B. Smit, Director of the Department of General Services (DGS). DGS' request includes changes in the labor rates for the special maintenance services provided by the department, as well as changes in the rental rates that are charged to tenants of buildings operated and maintained by DGS' Bureau of Facilities Management. Aside from building maintenance and repair labor rates and rental rates, DGS is requesting no other overhead rate changes for its internal service funds at this time. A letter from the director of DGS that requests these rate changes is provided as Attachment A to this memorandum.

### FY 2002 Building Maintenance and Repair Labor Rates

The approved FY 2002 and the proposed FY 2003 labor rates for Bureau of Facilities Management personnel are shown toward the top of the next page. The requested hourly rates reflect changes in the salary costs associated with DGS personnel who provide these types of services and changes in fringe benefit costs.

The labor rates submitted by DGS appear to accurately reflect the hourly charges that would be necessary to cover the hourly compensation costs of the personnel employed for these purposes. The assumptions and

calculations supporting the requested labor rates appear to be both appropriate and accurate. **Therefore, I recommend that the Commission approve the new labor rates requested by DGS, to be effective July 1, 2002.**

<u>Trade</u>	<u>Approved FY 2002 Rate</u>	<u>Requested FY 2003 Rate</u>	<u>Percent Change</u>
Security	\$14.75	\$14.61	-0.9%
Housekeeping	18.20	17.62	-3.2
Grounds Worker	18.93	18.18	-4.0
Painter	22.06	21.44	-2.8
Plumber	22.59	22.03	-2.5
Sheet Metal Worker	23.20	22.82	-1.6
Carpenter	23.31	23.95	2.7
Electrician	23.45	23.38	-0.3
HVAC Mechanic	25.49	25.16	-1.3
Project Management	36.38	37.09	2.0

Rent Plan Rates for FY 2003

The table below provides the rent plan rates approved for FY 2002 and those requested by DGS for FY 2003. The requested increases in rates are primarily attributable to increases in utility and maintenance costs. In addition, a portion of vacant space costs have been accounted for in the office space rate to ensure that the cost of vacant space is partially borne by non-general funded agencies.

<u>Type of Space</u>	<u>Approved FY 2002 Rate</u>	<u>Requested FY 2003 Rate</u>	<u>Percent Change</u>
Office	\$11.00	\$11.47	4.3%
Storage	3.75	3.75	0.0
Library	8.60	9.03	5.0
Mansion Complex	12.60	13.23	5.0
Laboratory	18.90	19.56	3.5
Vacant	6.08	5.24	-13.8

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According to DGS and the Department of Planning and Budget, agency budgets were increased to account for the proposed changes in rent rates.

**I recommend approval of the changes in rent plan rates that have been requested by DGS, to be effective July 1, 2002.** These rates provide revenues to meet the estimated costs of DGS services as outlined in its Rent Plan.

lbf